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The Economic Impact of Tourists on a  
Rural Area in Missouri 1/

SEP 2 1971

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by

Ronald Bird

Tourism or travel is one of the fastest-growing industries in the United States. The major reasons are that people have the means, the ways, and the desire to travel. All three of these forces are expanding and need to expand to foster the growth of the tourist industry.

When people travel, they spend money in preparing for the trip, while enroute, and at their destination. Much of this money is being spent in rural areas and these expenditures are having an economic impact. Many of these rural areas are those in which job opportunities have been limited. How much the visits of the tourists are helping local citizens in these areas is dependent upon the activities of visitors while there.

The mere presence of a tourist does not necessarily mean he is helping the local economy. If he is there enjoying a

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1/ Paper prepared for Summer Institute of American Institute of Cooperation held at Columbia, Mo., August 11, 1965. The opinions expressed are those of the author and are not necessarily those of the Resource Development Economics Division, ERS, or the U. S. Department of Agriculture.

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free good or one provided by public monies for a token fee, his presence may be a drag on the local economy. If he makes most of his purchases prior to entering the area, the local economy may be hurt by his visit. The community may have to bear the expense of policing his visit, cleaning up after he is gone, and reap nothing in return. For his visit to be of help to the local economy, he must spend money for goods and services within the area. This cannot be done if there are no goods and services for sale. If they are available, he must be induced to buy them. Therefore, the logical place to look for the economic impact of a tourist's visit on an area is in the changes his visit may have brought about in the sale of goods and services within the area. New firms may have been established and old ones increased in size. Additional workers may have been employed because of the tourist visits.

The terms traveler and tourist are used interchangeably in this discussion. In many cases it is difficult to differentiate between business travel and recreational travel. As far as the economic impact is concerned, a dollar spent by a business traveler is as important as a dollar spent by a vacationer. The vacationer may be the wife of the business traveler. For this reason a tourist is a person who enters an area who does not either earn a living or reside there.





To determine the economic impact of tourists on rural areas, 31 counties in the Missouri Ozarks were studied (Figure 1). For years, people in the Missouri Ozarks have had low incomes. Outmigration has been occurring almost since 1900. In recent years, new lakes have been created and new highways have made some of the remote streams and mountainous areas accessible to city dwellers. As a result, more and more tourists have been visiting the Ozarks.

Sales tax and census data show that there 8,467 retail and service firms (62 different types) in the area, with a total volume of business of \$319,500,000 in 1959. To determine what share of this \$319,500,000 was obtained from tourists, 10 percent of the operators of all retail and service firms in the area were interviewed. Each operator indicated the percentage of his volume of business from full-time residents and tourists in 1959. Seasonal residents were not considered as full-time residents. In addition, the operator indicated his volume of business by quarters, for 1959. In many cases, this information was taken from sales tax reports.

In conducting this study, outstanding support was given to the interviewers by Chambers of Commerce and local







operators of businesses. Every businessman was contacted by three or four people who asked that they cooperate before the enumerator called to get the data. Every interview was completed.

To lessen the bias in the estimates reported by the operators, the records were classified into 13 groups as shown in Table 1 and the estimates averaged for each group. Note the varying percentage that operators of the different firms attributed to the tourist trade. About 94.5 percent of the motel and hotel business came from tourists. Even farm supply and agricultural product firms derived about 9 percent of their business from nonresidents. In total, about 21 percent of the retail and service business in the Ozarks was from the tourists. This was \$68 million in 1959.

What effect did these expenditures have on the economy of the local area? As mentioned previously, there were 8,467 firms in the area. Eighty-eight percent of the operators received some of their business from the tourist trade. Most of these firms were small. About one-third had annual gross sales of less than \$20,000; only one-fifth had sales greater than \$100,000 (Figure 2). Forty-eight percent of the firms were operated by one or two persons. In general, the small operator profited most from the tourist trade.



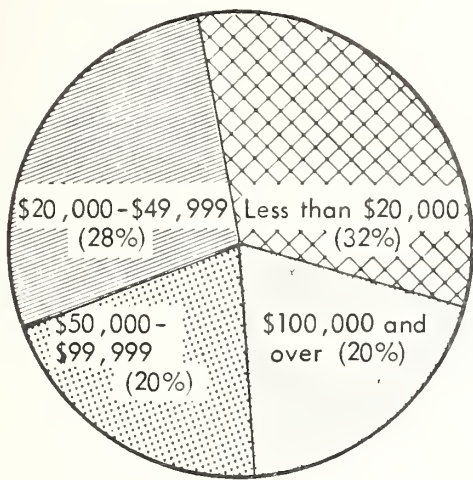
TABLE 1

Estimated Volume of Business Contributed to the Ozark  
Area of Missouri by the Tourist Trade in 1959

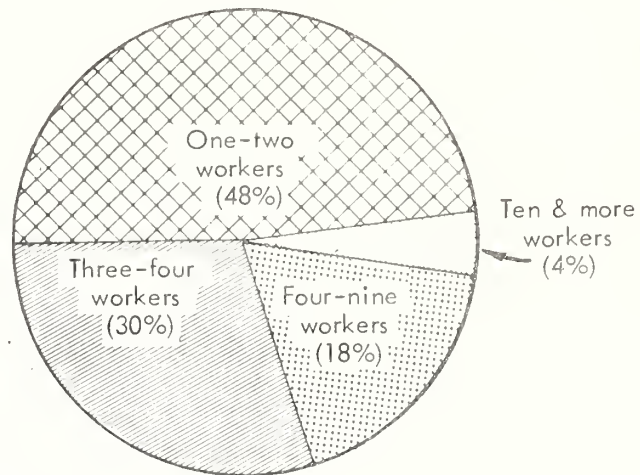
Type of Firm	Volume of Business From All Sources	Attributed to Recreational Resource	Volume of Business From Recreational Resource
	1,000 Dollars	Percent	1,000 Dollars
Food	58,000	13.8	8,000
General Merchandise	31,000	18.6	5,800
Apparel & Accessories	11,000	13.6	1,500
Drugs	7,000	11.4	800
Taverns, Liquor Stores & Bars	5,500	34.8	1,900
Restaurants	14,000	49.4	6,900
Furniture, Home Furnishings	10,000	12.6	1,300
Lumber, Building Materials & Hardware	32,000	13.1	4,200
Automotive Dealers & Garages	60,000	15.8	9,500
Gasoline Service Stations	30,000	31.5	9,500
Farm Supplies & Agricultural Products	10,000	8.5	800
Amusements	5,000	33.1	1,700
Other Retail	20,000	12.2	2,400
Motels & Hotels	14,000	94.5	13,200
Other Service Firms	<u>12,000</u>	<u>4.5</u>	<u>500</u>
TOTAL	319,500	21.3	68,000





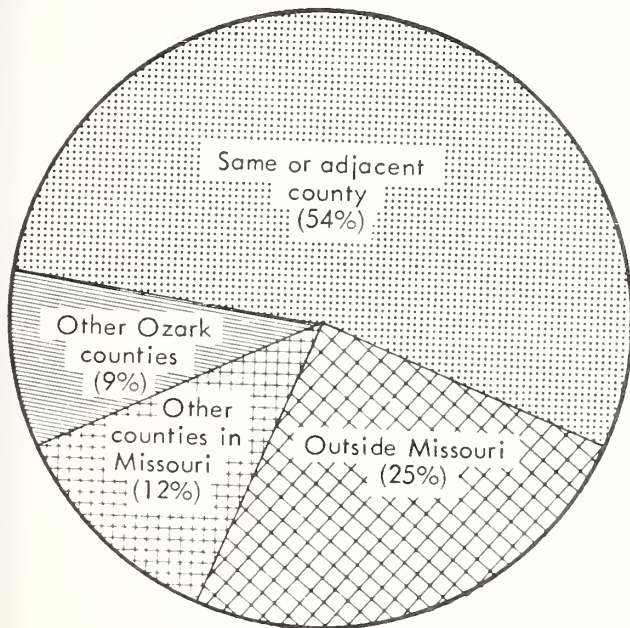


GROSS SALES TO ALL CONSUMERS

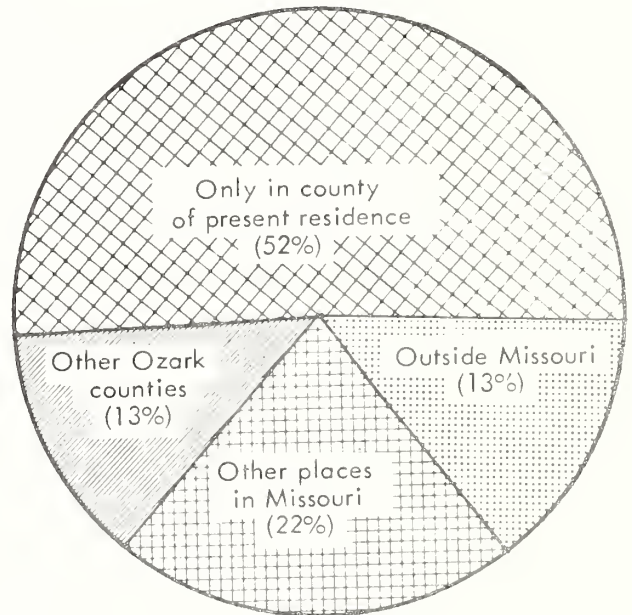


NUMBER OF WORKERS

## NATURE OF BUSINESSES CATERING TO TOURISTS



PLACE OF BIRTH



PLACES WHERE OPERATORS HAD BEEN EMPLOYED

## CHARACTERISTICS OF OPERATORS

Figure 2 -- Nature of Businesses & Characteristics of Operators Catering to Tourists



In addition to the small size, most firms were run by local people. Fifty four percent of the operators were born in the same or an adjacent county and 52 percent had never been employed outside the county in which they were residing. Seventy-two percent of the operators were reared on farms.

Retail and service firms employed 17,519 workers. It is estimated than an equivalent of 5,300 of these workers owed their jobs to the tourist trade. Ninety-seven percent of these employees resided in their present locality before they were hired. Most of the jobs were open to persons who had little formal education and required little special training.

The fact that most of the people who are catering to tourists in the Ozarks were prior residents of the area and now are operating or are employed by a retail or service firm indicates that the tourist trade has resulted in new job opportunities for the local residents.

The operators of retail and personal service firms reported that out of each dollar spent in the area 28 cents went for transportation, 25 cents for food, 24 cents for other retail purchases, and 19 cents for lodging (Table 2). Only 3 cents was spent for direct entertainment and 1 cent for other purchases. A study in 1958 by the Missouri Division of Resources and Development in which the tourists



TABLE 2--DISTRIBUTION OF TOURIST'S DOLLAR SPENT  
FOR SELECTED ITEMS, AS INDICATED BY TOURIST SURVEYS  
AND RETAILERS' OPINIONS, OZARKS, 1959

Item	Tourist Surveys*	Retailers' Opinions
	<u>Percent</u>	<u>Percent</u>
Percentage of Tourist's Dollar Spent for --		
Food	27	25
Lodging	21	19
Transportation	22	28
Other Retail Purchases	14	24
Entertainment	11	3
Services	<u>5</u>	<u>1</u>
TOTAL	100	100

\* The 1958 Tourist Survey in Missouri, Missouri Division of  
Resources and Development, p. 12.



reported their expenditures gave similar results. <sup>2/</sup> They found that out-of-State tourists spent 22 cents of each dollar for transportation, 27 cents for food, 14 cents for other retail purchases, 21 cents for lodging, 11 cents for entertainment, and 5 cents for other purchases. The variation in the amount spent for entertainment and other retail purchases reported in the two studies was probably due to differences in what was defined as recreation rather than in the amount spent.

One of the important findings of these studies was that more than 90 cents of each dollar spent by tourists is used in getting to the site and providing the necessities of life while there. On-site expenditures for recreation even within the area visited may represent only a minor outlay. About 70 percent of the tourist expenditures made in the Ozark area were for food, lodging, and transportation.

Although estimates of the contribution of a resource to an area for a single year is useful in determining the economic impact, it is almost imperative that data be obtained through time. Census data and highway traffic count information were used to make these estimates. The results showed that tourists spent about \$28 million in this area in 1949 and about \$72 million in 1960 (Table 3). When current trends

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<sup>2/</sup>The 1958 Tourist Survey in Missouri, Missouri Division of Resources and Development, p. 12.





TABLE 3--Estimated Expenditures of Tourists  
Four Recreational Areas, Ozarks, 1948 to 1960,  
and Projections to 1970

Year	Recreational Area				Total
	Lake of Ozarks	White River	Central Ozarks	Big Springs	
	1,000 Dollars	1,000 Dollars	1,000 Dollars	1,000 Dollars	1,000 Dollars
1948	3,807	6,644	11,159	4,461	26,071
1949	4,391	6,416	12,550	4,915	28,272
1950	5,040	6,414	13,951	5,369	30,774
1951	5,756	6,638	15,362	5,823	33,579
1952	6,537	7,088	16,783	6,277	36,685
1953	7,385	7,764	18,214	6,731	40,094
1954	8,299	8,666	19,655	7,185	43,805
1955	9,270	9,794	21,106	7,639	47,809
1956	10,324	11,148	22,567	8,093	52,132
1957	11,437	12,728	24,038	8,547	56,750
1958	12,610	14,534	25,519	9,001	61,664
1959	13,859	16,566	27,010	9,495	66,930
1960	15,169	18,824	28,511	9,909	72,413
1970	20,663	48,233	41,672	14,330	124,898



were projected, it was estimated that tourists would be spending about \$125 million in the area by 1970. A recent check of sales tax data indicated that this estimate was conservative; it appears that this figure will be \$150 million by that year.

What will this mean in terms of employment? By 1970 it is estimated that about 7,000 more workers will be needed to handle the tourist trade than were employed in the area in 1960.

The economic impact of this employment has to be considered in relationship to its relative importance with other industries. In 1959, tourism was, in terms of volume business, the second largest industry in the Ozark area. Farm product sales amounted to \$118,800,000 and tourist expenditures were \$68 million. The value of all wood products processed in the area was about \$50 million.

In terms of employment, there were about 39,000 farms in the area, 15,000 workers employed in the forest industries, 10,000 employed in other manufacturing plants, and 7,000 operators and workers employed as a result of the tourist trade in 1959.

The change in relative importance of these industries through time has had a profound effect on the Ozark area and will have greater influence in the future. From 1949 to 1959, the value of farm product sales increased 41 percent;



the value of all wood products produced remained almost constant, whereas expenditures of tourists increased 146 percent. By 1970, it is expected that tourist expenditures will be more than double the 1960 amount and that the gross sales from agriculture and the forest industries will increase about 20 percent. Employment in other industries, especially manufacturing, will probably remain about the same. There has been little increase in this field the past few years.

What has the tourist business meant in terms of family income to the residence of the Ozark area? Census data show that for the 31 counties used in this study, median family income increased 140 percent from 1949 to 1959, whereas median family income within the State increased only 97 percent (Figure 3). Note the change in family incomes throughout the State. Median family income in the Ozark area increased almost three times as rapidly as it did in some of the counties in the better farming areas of the State located in north Missouri. One might say yes, but they had farther to go! This is true, but in 1959 the median family income of the residents in 31 counties of the Ozarks was higher than it was for most of the residents in north central Missouri.

Not only did family incomes increase but also the number of families in the Ozark area. From 1949 to 1959, the











number of families in these 31 counties increased from 95,640 to 98,940, or about 3.5 percent. This can not be said about other rural areas in the State. Can we attribute all of this change to the tourist trade? The answer is yes, either directly or indirectly. New job opportunities within the area have permitted farm consolidation, and the adoption of new practices that were not possible before. Also new industries that are directly related to the tourist trade have been fostered. The practice of burning the trees has been curtailed not only because of an increase in conservation measures, but local people have found that land with a canopy of trees sells for more money than burnt-over land. The forest resource has increase in value.

Although the economic impact of tourists on the Ozark area has been sizable, the sociological impact may have been even greater. Additional contact of the local people with urban dwellers has made them aware of different ways to do things. As a result, the residents of some areas in the Ozarks are more progressive and change minded than the residents in many other areas in the State.<sup>3/</sup>

In summary tourists visiting the Ozarks have provided direct employment for about 7,000 workers plus employment

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<sup>3/</sup> Lionberger, Herbert F. and H. C. Chang, "Innovators, Communicators, and Legitimizers -- Ozark and Prairie Areas of Missouri", University of Missouri Experiment Station Research Bulletin 885, April, 1965.



for additional workers used to build facilities necessary to satisfy the tourist's needs. Most of these workers are native to the area and are employed by small business firms. Tourist expenditures in the area more than doubled from 1949 to 1959. As a result of new job opportunities created by the tourists, the median family income in the area more than doubled for this period; also the number of families increased. If tourist travel continues to expand at its current rate, it is expected that by 1970 there will be employed in industries catering to tourists in the Ozarks more than twice as many workers as there were in 1959.





